

APPENDIX AA
FINANCIAL REPORTING GUIDE
MEDICAL PLAN

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08/11/97

1. GENERAL INFORMATION

This section discusses the following topics:

- 1.1 PURPOSE AND OBJECTIVE OF GUIDE
- 1.2 BACKGROUND
- 1.3 EFFECTIVE DATES AND REPORTING TIMEFRAMES
- 1.4 SANCTIONS

1.1 PURPOSE AND OBJECTIVE OF GUIDE

The purpose of the Financial Guide is to set forth the financial reporting requirements for the Hawaii QUEST medical plans. The primary objective of the guide is to establish consistency and uniformity in reporting. The Department of Human Services (DHS) reserves the right to require certain monthly reporting when it is deemed appropriate by the Administration. Monthly reports are to be prepared using the quarterly reporting guidelines and instructions.

1.2 BACKGROUND

- 1.2.1** Health Care Financing Administration (HCFA) regulations and DHS contractually require that medical plans furnish all information from the Plan's records relating to the performance of the contract. Certain financial and statistical data are outlined in the contract as minimum requirements. The QUEST Program has developed a standard set of forms to be used to satisfy the quarterly financial reporting requirements, as well as guidelines and minimum reporting requirements for the annual audited financial statements.
- 1.2.2** In addition, DHS requires the Plan to demonstrate to the Administration that it has adequate financial reserves to carry out its contractual obligations. Each plan shall maintain financial records and may have an annual audit(s) performed by an authorized representative of DHS, the Hawaii State Auditor, the GAO, and/or the Comptroller of the United States. Each plan is required to provide the QUEST Program with annual audited financial statements prepared by an independent certified public accountant.
- 1.2.3** DHS also reserves the right to require certain monthly reporting when it is deemed appropriate. When monthly reports are required, the quarterly reporting guidelines and instructions for the applicable forms are to be followed. Refer to section 1.3.3 of this guide for monthly reporting requirements and deadlines. Reports for the last month of a quarter are not required for monthly reporting. Reports for the last quarter are required in addition to the annual reports.

1.3 EFFECTIVE DATES AND REPORTING TIMEFRAMES

- 1.3.1 The provisions and requirements of this guide are effective for fiscal quarters beginning on or after October 1, 1997. Amendments and/or updates to this guide may be issued by DHS from time to time as deemed necessary by DHS.
- 1.3.2 Monthly reporting, when required, is due within 45 days of each month end. Quarterly information is due within 45 days of each quarter end. Annual financial reports and disclosures are due within 120 days of the Plan's fiscal year end.

If a due date falls on a weekend or recognized State holiday, reports will be due the next business day.

1.3.3

FINANCIAL REPORTING REQUIREMENTS TABLE

| <u>Report Number</u> | <u>Description</u> | <u>Due Date</u> |
|--------------------------------|---|---------------------------|
| MONTHLY (If Applicable) | | |
| N/A | Certification Statement | 45 days after month end |
| 1 | Balance Sheet | 45 days after month end |
| 2 | Statement of Revenues and Expenses | 45 days after month end |
| QUARTERLY | | |
| N/A | Certification Statement | 45 days after quarter end |
| N/A | Listing of Changes to Plan Officers and Directors | 45 days after quarter end |
| 1 | Balance Sheet | 45 days after quarter end |
| 2 | Statement of Revenues and Expenses | 45 days after quarter end |
| 3 | Statement of Cash Flow | 45 days after quarter end |
| 4 | Investments | 45 days after quarter end |
| 5 | Amounts Due From (To) Affiliates | 45 days after quarter end |
| 6 | Risk Pool Analysis | 45 days after quarter end |
| 7 | Other Assets and Liabilities | 45 days after quarter end |
| 8 | Restricted Cash and Other Assets | 45 days after quarter end |
| 9 | Medical Claims Payable (RBUCs and IBNRs) | 45 days after quarter end |
| 10 | Claims Lag Reports | 45 days after quarter end |
| 11 | Long-Term Debt (Other Than Affiliates) | 45 days after quarter end |
| 12 | Physician Services | 45 days after quarter end |
| 13 | Related Party Transactions | 45 days after quarter end |
| ANNUAL | | |
| N/A | Final Annual Audit Report | 120 days after year end |
| N/A | Final Management Letter | 120 days after year end |
| N/A | Disclosure Statement | 120 days after year end |
| N/A | Listing of Plan Officers and Directors | 120 days after year end |
| N/A | Reconciliation - Annual Audit and Plan | 120 days after year end |
| | Year-to-Date Quarterly Financial Statements | |

1.4 SANCTIONS

- 1.4.1 Failure to file with the QUEST Program, ACCURATE, TIMELY and COMPLETE monthly (if applicable), quarterly and annual financial statements and disclosures may result in a penalty each day or portion thereof, until such statements are received by DHS. The penalty is \$200.00 per day until the required reports are received by DHS.
- 1.4.2 Whoever knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any statement or disclosure filed pursuant to this policy may be fined \$5,000.
- 1.4.3 DHS may refuse to enter into a contract and may suspend or terminate an existing contract if the Plan fails to disclose ownership or controlling information and related party transactions as required by DHS policy.

2. INSTRUCTIONS FOR THE COMPLETION OF FINANCIAL REPORTING FORMS

This section contains the instructions for completing items in the required quarterly reports that may deviate from GAAP or be specific to QUEST.

- 2.1 GENERAL INSTRUCTIONS
- 2.2 REPORT #1 BALANCE SHEET
- 2.3 REPORT #2 STATE OF REVENUES AND EXPENSES
- 2.4 REPORT #3 STATEMENT OF CASH FLOW
- 2.5 REPORT #4 INVESTMENTS
- 2.6 REPORT #5 AMOUNTS DUE FROM (TO) AFFILIATES
- 2.7 REPORT #6 RISK POOL ANALYSIS
- 2.8 REPORT #7 OTHER ASSETS AND LIABILITIES
- 2.9 REPORT #8 RESTRICTED CASH AND OTHER ASSETS
- 2.10 REPORT #9 MEDICAL CLAIMS PAYABLE (RBUCs AND IBNRs)
- 2.11 REPORT #10 CLAIMS LAG REPORTS
- 2.12 REPORT #11 LONG-TERM DEBT (OTHER THAN AFFILIATES)
- 2.13 REPORT #12 PHYSICIAN SERVICES
- 2.14 REPORT #13 RELATED PARTY TRANSACTIONS
- 2.15 QUARTERLY FOOTNOTE REQUIREMENTS

2.1 GENERAL INSTRUCTIONS

The following are general instructions for completing the quarterly reports required of the medical plans. The primary objective of these instructions is to ensure that all required information is submitted and to promote uniformity in reporting.

- 2.1.1 Generally accepted accounting principles (GAAP) are to be followed in the preparation of all financial statements. All revenues and expenses must be reported using the accrual basis of accounting.
- 2.1.2 All quarterly reports are to be completed and submitted to the QUEST Program within 45 days after the last day of the quarter. If monthly reports are required, reports are to be completed and submitted within 45 days after the last day of the month.
- 2.1.3 Line titles and columnar headings are generally self-explanatory. Specific instructions are provided for items about which there may be some question. Any entry for which no specific instructions are included should be made in accordance with GAAP.
- 2.1.4 Always utilize predefined categories or classifications before reporting an amount as "OTHER". For any material amounts included in the "OTHER" category, details and explanations are to be provided. For this purpose, material amounts are defined as comprising more than 5% of the total for each section. For example, items included in Other Income which account for more than 5% of total revenues should be separately identified and explained in a separate sheet or in the footnotes.
- 2.1.5 Prior period information should be reported in a consistent manner and using the same criteria established for completing the current period information. Where the necessary detail does not exist to adequately report prior period information, this fact should be disclosed in the footnotes to the reports. Prior period information reported in the current period should agree to the information previously reported. Any variances or discrepancies are to be explained.
- 2.1.6 Unanswered questions and blank lines or schedules will not be considered properly completed. If no answers or entries are to be made, write "None", not applicable "N/A", or "-0-" to reflect zero balances in the space provided.
- 2.1.7 All amounts are to be reported in whole dollars only. Plans who wish to report amounts to the nearest thousand must request prior approval from the QUEST Program.

- 2.1.8 If corrections need to be made to previously submitted reports, submit the corrected schedules with a cover letter explaining the corrections made and the impact of the corrections, if any, on the financial results for the quarter and year to date.

2.2 REPORT #1 - BALANCE SHEET

- 2.2.1 Provide the balance sheet for the required period. The balance sheet shall be the consolidated balance sheet for the entity related to the medical plan.

- 2.2.2 The balance sheet shall be prepared in accordance with GAAP.

2.2.3 ASSETS

LINE 3: CAPITATION RECEIVABLE

Include: Net amounts receivable from the QUEST Program for capitation as of the balance sheet date.

Exclude: Reinsurance and Deferred Liability receivables which are to be included in Lines 4 and 5, respectively.

2.2.4 LIABILITIES AND PLAN EQUITY

LINE 3: CAPITATION PAYABLE (PROVIDERS)

Include: Net amounts owed to providers for monthly capitation.

Exclude: Capitation payable to the QUEST Program for overpayments by QUEST.

LINE 4: MEDICAL CLAIMS PAYABLE (DETAIL IN REPORT #9)

Include: Total reported but unpaid claims (RBUCs) and incurred but not reported claims (IBNRs). This liability relates to claims expense categories 8 through 27 in the Statement of Revenues and Expenses.

Exclude: Withhold and Risk Pool Payables.

2.3 REPORT #2 - STATEMENT OF REVENUES AND EXPENSES

- 2.3.1 Provide the Statement of Revenues and Expenses for the required period. A consolidated statement for the entity related to the medical plan shall be provided. Separate Statements of Revenues and Expenses shall be provided for each component of the QUEST Program - QUEST, QUEST Net, ABD, and ABD with Medicare. The QUEST Net children shall be included with the QUEST Statement of Revenues and Expenses. A Statement of Revenues and Expenses shall also be provided which combines all of the QUEST components (QUEST Total).
- 2.3.2 The Statement of Revenues and Expenses shall be prepared in accordance with GAAP.
- 2.3.3 All physician and non-physician services whether the services are provided in an inpatient setting, outpatient hospital setting, post acute setting, emergency room, outpatient setting, clinic or physician's office are to be included in the appropriate Medical Reimbursement Expense Line (Lines 12 - 14).
- 2.3.4 All services (excluding physician and non-physician services) provided in an inpatient setting, outpatient hospital setting, post acute setting or emergency room including ancillary and diagnostic services, therapeutic services, DME, supplies and medication are to be included in the appropriate line based on the primary service. For example, all services provided in an inpatient setting are to be included in Lines 8 - 9, all services provided in an emergency room are to be included in Line 17 and all services provided in an outpatient hospital setting are to be included in Line 18.
- 2.3.5 All outpatient services (excluding those provided in an emergency room and outpatient hospital setting as noted in 2.3.4) are to be included in the appropriate individual line item. For example, pharmaceuticals provided during a clinic visit should be recorded on Line 22 and the clinic visit recorded on Line 19.
- 2.3.6 EXPENSES

LINES 8-9: INPATIENT EXPENSES

Include: Inpatient acute rehabilitation and behavioral health stays. Include all related services for an inpatient stay as provided in 2.3.4.

Exclude: Post acute (SNF, ICF and subacute) and waitlisted stays which are to be included in Line 30.

LINE 13: REFERRAL PHYSICIAN SERVICES

Include: Non-primary care physician services including services provided by emergency room physicians and specialty care physicians.

LINE 14: NON-PHYSICIAN SERVICES

Include: Services provided by psychologists, nurse mid-wives, social workers, nurse practitioners and others who are able to individually bill for their services.

LINE 17: EMERGENCY SERVICES

Include: All emergency room services (including non-emergency visits) per 2.3.4 and the related transportation services (ambulance and emergency air transport).

Exclude: Emergency room physician services per 2.3.3 which are included in Referral Physician Services (Line 13).

LINE 18: OUTPATIENT HOSPITAL SERVICES

Include: All outpatient hospital services including ancillary and diagnostic services, therapeutic services, DME, supplies and medication per 2.3.4. Includes hemodialysis and outpatient oncology services provided in other than an emergency room or outpatient clinic.

Exclude: Physician services per 2.3.3.

LINE 19: CLINIC SERVICES

Include: Services provided in community health centers, urgent care clinics and other outpatient clinic settings.

Exclude: Services provided in outpatient hospital settings. Physician services per 2.3.3. Ancillary and diagnostic services, supplies and medications per 2.3.5.

LINE 20: BEHAVIORAL HEALTH SERVICES

Include: Outpatient behavioral health services including residential treatment, detoxification services and other services provided at a freestanding clinic or treatment center (i.e., Salvation Army).

Exclude: Services provided in an inpatient setting, outpatient hospital setting, physician or non-physician's office or emergency room should be recorded on the respective line (i.e., emergency room services on Line 17). Ancillary and diagnostic services, supplies and medications per 2.3.5.

LINE 21: OTHER OUTPATIENT SERVICES

Include: Services provided on an outpatient basis that do not belong in any other category based on the definitions provided.

Exclude: Ancillary and diagnostic services, supplies and medications per 2.3.5.

LINE 22: PHARMACY

Include: Pharmaceuticals dispensed on an outpatient basis, in a physician's office or by a retail pharmacy.

Exclude: Pharmaceuticals dispensed during inpatient, outpatient hospital, emergency room and post acute services per 2.3.4.

LINES 23 AND 24: LAB AND RADIOLOGY

Include: Services provided on an outpatient basis including services provided in a freestanding facility or clinic or in the physician's office.

Exclude: Services provided during inpatient, outpatient hospital, emergency room and post acute services per 2.3.4.

LINE 25: THERAPEUTIC SERVICES

Include: Services provided on an outpatient basis including services provided in a freestanding facility or clinic or in the physician's office. Services include physical, occupational, speech and audiology therapy.

Exclude: Services provided during inpatient, outpatient hospital, emergency room and post acute services per 2.3.4.

LINE 28: DURABLE MEDICAL EQUIPMENT/SUPPLIES

Include: All durable medical equipment issued in an outpatient setting. Includes DME, eye glasses, hearing aids, etc.

Exclude: Items provided during inpatient, outpatient hospital, emergency room and post acute services per 2.3.4.

LINE 29: TRANSPORTATION, MEALS AND LODGING

Include: Costs for transportation, meals and lodging including cab fare, airfare, handicab and handivan services and bus passes.

Exclude: Emergency transportation such as ambulance and emergency air services which are included on Line 17.

LINE 30: POST ACUTE CARE

Include: SNF, ICF, hospice and home health services and waitlisted stays. Include the ancillary and diagnostic services, therapeutic services, DME, supplies and medication per 2.3.4.

LINE 32: CASE MANAGEMENT/CARE COORDINATION

Include: Case management/care coordination services provided by plan staff or contracted personnel to case manage, monitor, or coordinate services for patients. Only case management/care coordination services which can be directly attributed to a specific patient should be included here. Include allocation of plan personnel and related expenses as well as purchased services and incentives which can be associated with ensuring patient

care and/or disease management and compliance with preventive health.

Exclude: Services provided by plan staff or contracted personnel to develop or design plan program(s) for improving/maintaining health outcomes. Exclude development, printing and mailing costs for brochure and other mailing material. These costs are included and reported as administrative expenses.

2.4 REPORT #3 - STATEMENT OF CASH FLOW

2.4.1 Provide the Statement of Cash Flow for the required period. A consolidated statement for the entity related to the medical plan shall be provided. A separate Statement of Cash Flow shall also be provided for the Plan's Total QUEST Program operations.

2.4.2 The Statement of Cash Flow shall be prepared in accordance with GAAP.

2.5 REPORT #4 - INVESTMENTS

List all investments other than investments in affiliates for the reporting period. Any disposal of investments should be shown as negative amounts.

2.6 REPORT #5 - AMOUNTS DUE FROM (TO) AFFILIATES

List current and non-current amounts due from (to) affiliates. If a due from and due (to) exists for the same affiliate, the amounts should not be netted together and should be reported as separate amounts. Current amounts shall not be netted with non-current amounts.

2.7 REPORT #6 - RISK POOL ANALYSIS

The purpose of this report is to monitor risk pool activity. All revenues and expenses allocated to the risk pool(s) shall be shown on this report along with risk pool adjustments and distributions.

2.7.1 Revenues Allocated to Risk Pool

All amounts allocated to the risk pool(s) from which claims are to be paid should be reported (capitation, reinsurance, and other revenue sources).

2.7.2 Expenses Allocated to Pool

The expenses recognized in the risk pool(s) should be reported by expense category. Include provider capitations paid out of the pool(s).

2.7.3 Change in the Balance for Current Period Activity

The net amount of total allocations to the risk pool less total medical expenses allocated to the risk pool results in the net change from current period activity. This amount equals the total of risk pool adjustments on Report #2, Lines 10, 16, 27, and 34.

2.7.4 Risk Pool Balances at the Beginning of the Period

The beginning risk pool balance should be the Undistributed Risk Pool Balance at Period End from the prior quarter Report #6, Risk Pool Analysis.

2.7.5 Adjustment to Beginning of Period Risk Pool Balances

All changes to the prior period risk pool balance should be recorded (i.e., change in prior period accrual estimates).

2.7.6 Risk Pool Distributions

All risk pool distributions, for both prior and current year, are to be recorded. This amount should equal the ending balance in the (Distributions)/Contributions column on Report 6A, Risk Pool Listing by Participant.

2.7.7 Undistributed Risk Pool Balance at Period End

The risk pool payable (receivable) at the end of the period is calculated by adding (or subtracting) the current period activity to the balance at the beginning of the period, plus (minus) any adjustments to the prior period estimates, plus any contributions to or less distributions from the risk pool(s) balance.

2.7.8 Report 6A - Risk Pool Listing

On a quarterly basis, list all risk pools on this schedule. Include prior period risk pool balances along with any distributions to or contributions from these risk pools during the period. The ending balance for the total of all risk pools should tie to Report #6.

On an annual basis, list all participants in the risk pools on this schedule. Include their prior period risk pool balances along with any distributions to or contributions from those participants during the period. The ending balance for the total of all participants should tie to Report #6.

2.8 REPORT #7 - OTHER ASSETS AND LIABILITIES

Include all other assets and liabilities (current and non-current) in the appropriate columns provided. Include all individual assets and liabilities greater than \$50,000 and list the total of others not individually greater than \$50,000.

2.9 REPORT #8 - RESTRICTED CASH AND OTHER ASSETS

List all restricted cash and other restricted assets included in the Balance Sheet. Do not include amounts pledged to meet the QUEST Program's performance bond requirement. If multiple securities are maintained in the same account and are of a similar nature, the data relating to that account can be listed in total on this schedule. Otherwise, assets are to be listed separately.

2.10 REPORT #9 - MEDICAL CLAIMS PAYABLE (RBUCs AND IBNRs)

Reported but unpaid claims (RBUCs) are to be reported by the appropriate expense and aging categories. A claim becomes an RBUC the day it is received by the plan, not the day it is processed/adjudicated. The incurred but not reported (IBNR) claims should be reported in the second to last column by the appropriate category.

2.11 REPORT #10 - CLAIMS LAG REPORTS

Analyzing the accuracy of historical medical claims liability estimates is helpful in assessing the adequacy of current liabilities. The schedule provides the necessary information to make this analysis.

2.11.1 The instructions below apply to Report No. 10A, 10B, 10C and 10D.

The schedules are arranged with dates of service horizontally and quarter of payment vertically. Therefore, payments made during the current quarter for services rendered during the current quarter would be reported on line 1, column 3. While payments made during the current quarter for services rendered in prior quarters would be reported on line 1, columns 4 through 9. Do not include risk pool distributions as payments in this schedule. Do not record any amounts in the shaded areas.

2.11.2 Line 9, the expense reported for each category of service (inpatient, medical reimbursement, outpatient and other medical) in the current and previous quarters should be recorded less risk pool adjustment expenses for the same quarters on line 9 in the appropriate column.

2.11.3 Line 10, accrual adjustment, represents any change in estimates made subsequent to the quarter for which expenses/liabilities were reported. Therefore, the total payments made (row 8) plus accrual adjustments (row 10) and remaining liability (row 11) must equal the expense reported (row 9) for each quarter.

2.11.4 Line 11, remaining liability, represents any remaining liability estimated for each quarter. The total of the remaining liability reported (row 11, column 10) must equal the total liability (by cost category) reported in Report #9 Medical Claims Payable.

2.12 REPORT #11 - LONG-TERM DEBT (OTHER THAN AFFILIATES)

List all loans, notes payable and capital lease obligations by lender as well as by current and long-term portions (exclude debt to affiliates, this is to be reported on Report No. 5 Amounts Due From (To) Affiliates). Also include interest rate and accrued interest in the spaces provided.

2.13 REPORT #12 - PHYSICIAN SERVICES

Report the detail of Primary Care Physician and Referral Physician expenses by the method of reimbursement (i.e., Salary, Capitation, Fee-For-Service, or Other). Do not report risk pool expenses in this schedule. If the "Other" category is used, provide a brief description of the reimbursement arrangement.

2.14 REPORT #13 - RELATED PARTY TRANSACTIONS

Report the **aggregate** amount of each transaction for the current reporting period involving any individual or entity that meets the definition/description of a related party (affiliate). "Related party" or "affiliate" may be defined as anyone who has the power to control or significantly influence the Plan or be controlled or significantly influenced by the Plan. Accordingly, subsidiaries, parent companies, sister companies and entities accounted for by the equity method are considered related parties, as are principal owners, board of director members, management and their immediate families, and other entities controlled or managed by any of the previously listed entities or persons. Related party transactions include all transactions between program contractors and such related parties, regardless of whether they are conducted in an arm's length manner or are not reflected in the accounting records (e.g., the provision of services without charge or guarantees of outstanding debt). Transactions with related parties may be in the normal course of business or may represent an irregular exchange of assets or services. In the normal course of business, there may be numerous routine and recurring transactions with related parties. Although each party may be appropriately pursuing its respective best interest, transactions between them must be disclosed and reviewed for reasonableness.

For example, report all hospitalization expenses at an affiliated hospital for the period, or all medical reimbursement expenses to plan owners, medical directors, and/or board members. Other non-service transactions should also be accounted for on this schedule, such as allocation of overhead, rent or management fees to related parties as well as any loans (to or from) and distribution (to or from) related parties.

All significant related party transactions not in the ordinary course of business, require prior approval by the QUEST Program.

2.15 QUARTERLY FOOTNOTE REQUIREMENTS

The purpose of these footnote requirements is to supplement our understanding of the financial statements and supplemental schedules. The following list represents minimum expected disclosures and is not intended to be all inclusive. Disclosures required by GAAP should also be included.

2.15.1 "Other" Amounts:

Describe material amounts included in the "other" categories in Reports #1, #2 and #3.

2.15.2 Pledges/Assignments and Guarantees:

- a. Describe any pledges, assignments, or collateralized assets.
- b. Describe any guaranteed liabilities not disclosed on the balance sheet.

2.15.3 Performance Bond:

- a. Disclose the method by which the Plan satisfied the QUEST Program's performance bond requirement for the quarter. This must be disclosed whether or not the amounts are included in the financial statements.
- b. Indicate under or over funding and the reasons therefore.

2.15.4 Related Parties:

Disclose transactions with related parties during the quarter including receivables from and/or payables to related parties. Since all related party balances will be captured in Reports #5 and #13 this footnote will serve to provide further detail on transactions and relationships.

2.15.5 Subcapitation:

Indicate the amounts paid under subcapitation arrangements from the plan to the providers:

| | <u>Quarter</u> | <u>Year-to-Date</u> |
|--------------------------|----------------|---------------------|
| Inpatient | \$ _____ | \$ _____ |
| Physician Services | \$ _____ | \$ _____ |
| Outpatient | \$ _____ | \$ _____ |
| Other Medical (Describe) | \$ _____ | \$ _____ |
| TOTAL | \$ _____ | \$ _____ |

2.15.6 Prior Period Adjustments:

Disclose and describe any adjustments made to previously submitted financial statements including those adjustments that affect the current quarter's financial statements.

2.15.7 Claims Payable Analysis:

Explain large fluctuations in IBNR and RBUC balances from the prior quarter. Specifically, address changes in IBNRs of more than 10% (on an IBNR per

member basis) and changes in RBUCs of more than 5% (on an RBUC per member basis).

2.15.8 Risk Pools:

Describe any changes in the risk sharing arrangements the Plan utilizes. Key components to be included are:

- ▲ Services covered by risk pool(s)
- ▲ Remaining liabilities or receivables from prior fiscal years
- ▲ Scheduled frequency of distributions
- ▲ Percent of revenues allocated to pool(s) (i.e., methodology of allocation)

2.15.9 Contingent Liabilities:

Give details of any malpractice or other claims made against the Plan as well as the status of the case, potential financial exposure, and most likely resolution.

3. QUARTERLY REPORTING FORMS

This section includes the forms to be completed by Plan management on a quarterly basis. Instructions on the completion of these quarterly reporting forms are included in Section 2.

CERTIFICATION STATEMENT

LISTING OF PLAN OFFICERS AND DIRECTORS

BASIC FINANCIAL STATEMENTS

REPORT #1 BALANCE SHEET - CONSOLIDATED

REPORT #2 STATEMENT OF REVENUE AND EXPENSES (CONSOLIDATED AND QUEST - QUEST TOTAL, QUEST, QUEST NET, ABD AND ABD WITH MEDICARE)

REPORT #3 STATEMENT OF CASH FLOW (CONSOLIDATED AND QUEST)

SUPPLEMENTARY SCHEDULES

REPORT #4 INVESTMENTS

REPORT #5 AMOUNTS DUE FROM (TO) AFFILIATES

REPORT #6 RISK POOL ANALYSIS

REPORT #6A RISK POOL LISTING BY PARTICIPANT

REPORT #7 OTHER ASSETS AND LIABILITIES

REPORT #8 RESTRICTED CASH AND OTHER ASSETS

REPORT #9 MEDICAL CLAIMS PAYABLE (RBUCs AND IBNRs)

REPORT #10 CLAIMS LAG REPORTS (PARTS A, B, C AND D)

REPORT #11 LONG-TERM DEBT (OTHER THAN AFFILIATES)

REPORT #12 PHYSICIAN SERVICES

REPORT #13 RELATED PARTY TRANSACTIONS

CERTIFICATION STATEMENT OF

(Name of Plan)

TO THE

Hawaii QUEST Program

FOR THE QUARTER ENDING

_____, 19 ____
(Month and Day) (Year)

Name of Preparer _____

Title _____

Phone Number _____

I hereby attest that the information submitted in the reports herein is current, complete and accurate to the best of my knowledge. I understand that whoever knowingly and willfully makes or causes to be made a false statement or representation on the reports may be prosecuted under applicable state laws. In addition, knowingly and willfully failing to fully and accurately disclose the information requested may result in denial of a request to participate, or where the entity already participates, a termination of a Plan's agreement or contract with the Hawaii QUEST Program.

Date Signed

Chief Executive Officer/Chief Financial Officer
(Name and Title typewritten)

Signature

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #1 - Balance Sheet

| CURRENT ASSETS | CURRENT QUARTER |
|---|-----------------|
| 1. Cash and Cash Equivalents (Report #3) | |
| 2. Short-term Investments (Report #4) | |
| 3. Capitation Receivable (QUEST) | |
| 4. Reinsurance Receivable: | |
| A. Billed | |
| B. Unbilled | |
| C. Advances | |
| D. Net Receivable | () |
| 5. Deferred Liability Receivable: | |
| A. Billed | |
| B. Unbilled | |
| C. Advances | |
| D. Net Receivable | () |
| 6. Non-QUEST Programs | |
| A. Members' Dues | |
| B. Patient Services | |
| C. Third Party Payors | |
| D. Other | |
| E. Net Non-QUEST Receivable | |
| 7. Investment Income Receivable | |
| 8. Amounts Due From Affiliates (Report #5) | |
| 9. Risk Pool Receivable (Report #6) | |
| 10. Risk Pool Receivable-non-QUEST | |
| 11. Other Current Assets (Report #7) | |
| A. Inventory | |
| B. Prepaid Expenses | |
| 12. TOTAL CURRENT ASSETS (Items 1 through 11) | |
| OTHER (Non-Current) ASSETS: | |
| 13. General Performance Bond | |
| 14. Bond Funds - non-QUEST Programs | |
| 15. Restricted Cash and Other Assets (Report #8) | |
| 16. Long-Term Investments (Report #4) | |
| 17. Amount Due from Affiliates (Report #5) | |
| 18. Other Non-Current Assets (Report #7) | |
| 19. TOTAL OTHER (Non-Current) ASSETS (Items 13 through 18) | |
| LAND, BUILDINGS and EQUIPMENT: | |
| 20. Land | |
| 21. Buildings | |
| 22. Leasehold Improvements | |
| 23. Furniture & Equipment | |
| 24. Vehicles | |
| 25. Construction in Progress | |
| 26. Other | |
| 27. Total Land, Buildings and Equipment (Items 20 through 26) | |
| 28. Less Accumulated Depreciation and Amortization | () |
| 29. NET LAND, BUILDINGS AND EQUIPMENT (Items 27 & 28) | |
| 30. TOTAL ASSETS (Items 12, 19, and 29) | |

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #1 - Balance Sheet (Continued)

| LIABILITIES | CURRENT QUARTER |
|---|-----------------|
| 1. Accounts Payable and Other Accrued Expenses | |
| 2. Accrued Administrative Expenses | |
| 3. Capitation Payable (Providers) | |
| 4. Medical Claims Payable (Report #9) | |
| 5. Accrued Medical Incentive Pool | |
| 6. Accrued Risk Pool Payable (Report #6) | |
| 7. Current Portion of Long-Term Debt (Report #11) | |
| 8. Amount Due to Affiliates (Report #5) | |
| 9. Other Current Liabilities (Report #7) | |
| 10. TOTAL CURRENT LIABILITIES (Items 1 through 9) | |
| OTHER LIABILITIES | |
| 11. Long-Term Debt Excluding Current Portion (Report #11) | |
| 12. Amount Due to Affiliates (Report #5) | |
| 13. Other Non-Current Liabilities (Report #7) | |
| 14. TOTAL OTHER LIABILITIES (Items 11 through 13) | |
| 15. TOTAL LIABILITIES (Items 10 and 14) | |
| EQUITY | |
| 16. Preferred Stock (Par Value _____) (# of Shares Authorized, Issued and Outstanding) | |
| 17. Common Stock (Par Value _____) (# of Shares Authorized, Issued and Outstanding) | |
| 18. Treasury Stock (# of Shares) | () |
| 19. Additional Paid-in Capital | |
| 20. Contributed Capital | |
| 21. Retained Earnings/Fund Balance/Unrestricted Assets | |
| 22. Restricted Assets | |
| 23. TOTAL EQUITY (Items 16 through 22) | |
| 24. TOTAL LIABILITY AND EQUITY (Items 15 and 23) | |

STATEMENT AS OF _____ OF _____
(Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #2 - Statement of Revenue and Expenses

QUEST Program ☐

Consolidated Statement ☐

QUEST ☐ QUEST Net ☐ ABD ☐ ABD with Medicare ☐ Total ☐

| | MEMBER MONTHS | 1 CURRENT QUARTER | | 2 YEAR-TO-DATE | |
|--|------------------|----------------------|------|-------------------|------|
| | | | PMPM | | PMPM |
| REVENUES | | | | | |
| 1. Capitation/Premiums | | | | | |
| 2. Reinsurance | | | | | |
| 3. Fee-for-Service | | | | | |
| 4. Third Party Liability Recoveries | | | | | |
| 5. Investment Income | | | | | |
| 6. Other Income (Specify) | | | | | |
| 7. TOTAL REVENUES (Items 1 through 6) | | | | | |
| EXPENSES | | | | | |
| Inpatient Expenses: | | | | | |
| 8. Hospital Inpatient Capitation | | | | | |
| 9. Hospital Inpatient Fee-for-Service | | | | | |
| 10. Hospital Risk Pool Expense Adjustment (Report #6) | | | | | |
| 11. TOTAL INPATIENT (Items 8 through 10) | | | | | |
| Medical Reimbursement Expenses: | | | | | |
| 12. Primary Care Physician Services (Report #12) | | | | | |
| 13. Referral Physician Services (Report #12) | | | | | |
| 4. Non-physician Services | | | | | |
| 15. Physician Risk Pool Expense Adjustment (Report #6) | | | | | |
| 16. TOTAL MEDICAL REIMBURSEMENT (Items 12 through 15) | | | | | |
| Outpatient Expenses: | | | | | |
| 17. Emergency Services | | | | | |
| 18. Outpatient Hospital Services | | | | | |
| 19. Clinic Services | | | | | |
| 20. Behavioral Health Services | | | | | |
| 21. Other Outpatient Services | | | | | |
| 22. Pharmacy | | | | | |
| 23. Lab | | | | | |
| 24. Radiology | | | | | |
| 25. Therapeutic Services | | | | | |
| 26. Risk Pool Expense Adjustment (Report #6) | | | | | |
| 27. TOTAL OUTPATIENT (Items 17 through 26) | | | | | |
| Other Medical Expenses: | | | | | |
| 28. Durable Medical Equipment/Supplies | | | | | |
| 29. Transportation, Meals and Lodging | | | | | |
| 30. Post Acute Care | | | | | |
| 31. Translation Services | | | | | |
| 32. Case Management/Care Coordination | | | | | |
| 33. Other (Specify) | | | | | |
| 34. Risk Pool Expense Adjustment (Report #6) | | | | | |
| 35. TOTAL OTHER MEDICAL (Items 28 through 34) | | | | | |
| 36. TOTAL MEDICAL EXPENSES (Items 11, 16, 27 and 35) | | | | | |

STATEMENT AS OF _____ OF _____
(Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #2 - Statement of Revenue and Expenses (Continued)

QUEST Program ☐

Consolidated Statement ☐

QUEST ☐ QUEST Net ☐ ABD ☐ ABD with Medicare ☐ Total ☐

1

2

| | MEMBER MONTHS | CURRENT QUARTER | | YEAR-TO-DATE | |
|---|------------------|-----------------|------|--------------|------|
| | | | PMPM | | PMPM |
| Administrative Expenses: | | | | | |
| 37. Compensation | | | | | |
| 38. Data Processing | | | | | |
| 39. Management Fees | | | | | |
| 40. Insurance | | | | | |
| 41. Interest Expense | | | | | |
| 42. Occupancy (Rent/Utilities) | | | | | |
| 43. Depreciation | | | | | |
| 44. Medical Director Fees | | | | | |
| 45. Other (Specify) | | | | | |
| 46. TOTAL ADMINISTRATION (Items 37 through 45) | | | | | |
| 47. TOTAL EXPENSE (Items 36 and 46) | | | | | |
| 48. INCOME FROM OPERATIONS (Item 7 less Item 46) | | | | | |
| 49. Non-operating Income (loss) | | | | | |
| 50. INCOME (LOSS) BEFORE INCOME TAXES (Items 48 & 49) | | | | | |
| 51. Income Taxes | | | | | |
| 52. NET INCOME (LOSS) AFTER INCOME TAXES (Item 50 less Item 51) | | | | | |

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #3 - Statement of Cash Flow
 QUEST Program ☐ Consolidated Statement ☐

| | Current Quarter | YTD |
|--|-----------------|-----|
| 1. Net Cash Provided from (Used in) Operating Activities | | |
| 2. Net Cash Provided from (Used in) Investing Activities | | |
| 3. Investment in Affiliated Company | | |
| 4. Purchase of Property and Equipment | | |
| 5. Other: | | |
| 6. | | |
| 7. | | |
| 8. | | |
| 9. | | |
| 10. Sub Total: Net Cash Provided from (used in) Investing Activities | | |
| 11. Net Cash Provided from (used in) Financing Activities | | |
| 12. Repayment of Long-Term Debt | | |
| 13. Proceeds from Short-Term Loans | | |
| 14. Other: | | |
| 15. | | |
| 16. | | |
| 17. | | |
| 18. | | |
| 19. | | |
| 20. Sub Total: Net Cash Provided from (used in) Financing Activities | | |
| 21. Net Change in Cash and Equivalents | | |
| 22. Beginning Cash Balance | | |
| 23. Ending Cash Balance * | | |

* Equals amount on Report #1, Assets, Line 1

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)
 Plan Fiscal Year End _____

Report #4 - Investments

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------|---|------------------|------------------|-----------------------------|-----------------|------|-------------------|------------------|------------------|
| DESCRIPTION | PAR VALUE (BONDS OR # SHARES (STOCK)) | PURCHASE DATE | MATURITY DATE | AVERAGE INTEREST RATE | MARKET VALUE | COST | CARRYING VALUE | SHORT- TERM * | LONG- TERM ** |
| STOCKS (ALL) | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL | | | | | | | | | |
| U.S. GOV'T SECURITIES | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL | | | | | | | | | |
| BONDS (NON-U.S. GOV'T) | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL | | | | | | | | | |
| OTHER (DESCRIBE) | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| TOTAL | | | | | | | | | |
| GRAND TOTAL | | | | | | | | | |

* Equals amount on Report #1 - Assets, Line 2
 ** Equals amount on Report #1 - Assets, Line 16

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #6 - Risk Pool Analysis

| | Current Period | | | Year-To-Date | | |
|--|----------------|---------------|------|--------------|---------------|------|
| | \$ | Member Months | PMPM | \$ | Member Months | PMPM |
| Revenues Allocated to Risk Pool(s) | | | | | | |
| Less Expenses Allocated to Pools: | | | | | | |
| Inpatient Expense | | | | | | |
| Medical Reimbursement Expense | | | | | | |
| Outpatient Expense | | | | | | |
| Other Medical Expense | | | | | | |
| Total Medical Expenses Allocated to Pools | | | | | | |
| Change in the Balance for Current Period Activity* | | | | | | |
| Risk Pool Balances at the Beginning of the Period | | | | | | |
| Adjustment to Beg of Period Risk Pool Balances | | | | | | |
| Subtotal | | | | | | |
| Less Risk Pool Distributions | | | | | | |
| Undistributed Risk Pool Balance at Period End** | | | | | | |

* Equals the total of risk pool adjustments on Report #2, Lines 10, 15, 26 and 33.

** Equals the risk pool receivable/payable on Report #1, Assets, Line 9 or Liabilities, Line 6.

- Plan Fiscal Year End. _____

| Participant | Prior Period Balance | Current Period Adj. ± | (Distributions) Contributions* | Ending Balance ** |
|-------------|----------------------------|-----------------------------|-----------------------------------|----------------------|
| | | | | |
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| TOTAL | | | | |

** Equals amount on Report #6, Undistributed Risk Pool Balance and Report #1 - Assets, Line 9 or Liabilities, Line 6.

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STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)
 Plan Fiscal Year End _____

Report #7 - Other Assets and Liabilities

| DESCRIPTION ** | CURRENT | | NON-CURRENT |
|------------------------|---------|--|-------------|
| | | | |
| Assets | | | |
| Other Receivables | | | |
| Deferred Income Taxes | | | |
| Deferred Finance Costs | | | |
| Other * | | | |
| | | | |
| | | | |
| Liabilities | | | |
| Other Payables | | | |
| Other * | | | |
| | | | |
| | | | |
| TOTALS | | | |

- * Include all items, in total, that are less than \$50,000 individually.
 ** List all individual items greater than \$50,000.

Equals amount on Report #1, Assets, lines 11 and 18 and Liabilities, lines 9 and 13.

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #9 - Medical Claims Payable (RBUCs and IBNRs)

| EXPENSE CATEGORY | Reported But Unpaid Claims (RBUCs) | | | | | IBNR | TOTAL RBUCs & IBNRs |
|-----------------------------------|------------------------------------|---------------|---------------|-----------------|-------------|------|------------------------|
| | 1-30 DAYS | 31-60 DAYS | 61-90 DAYS | OVER 90 DAYS | TOTAL RBUCs | | |
| Inpatient | | | | | | | |
| Medical Reimbursement | | | | | | | |
| Outpatient | | | | | | | |
| Other Medical | | | | | | | |
| TOTAL MEDICAL CLAIMS PAYABLE * | | | | | | | |

* Equals amount on Report #1, Liabilities, line 4.

Report No. 10A

Claims Lag Report For
Inpatient Payments

Plan: _____ (QUARTER ENDED: _____) (Fiscal Year End: _____)

| QUARTER IN WHICH SERVICE PROVIDED | | | | | | | | | |
|-----------------------------------|------------------------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| (1) LINE | (2) QUARTER OF PAYMENT | (3) CURRENT | (4) 1ST PRIOR | (5) 2ND PRIOR | (6) 3RD PRIOR | (7) 4TH PRIOR | (8) 5TH PRIOR | (9) 6TH PRIOR | (10) TOTAL |
| 1 | CURRENT | | | | | | | | |
| 2 | 1ST PRIOR | | | | | | | | |
| 3 | 2ND PRIOR | | | | | | | | |
| 4 | 3RD PRIOR | | | | | | | | |
| 5 | 4TH PRIOR | | | | | | | | |
| 6 | 5TH PRIOR | | | | | | | | |
| 7 | 6TH PRIOR | | | | | | | | |
| 8 | TOTALS | | | | | | | | |
| 9 | EXPENSE REPORTED | | | | | | | | |
| 10 | ACCRUAL ADJUSTMENT | | | | | | | | |
| 11 | REMAINING LIABILITY * | | | | | | | | |

* See instructions before completing schedule.

The total amount must equal the total liability reported for hospitalization in Report #9 - Medical Claims Payable.

Row 9, Expense Reported, must equal the total inpatient expense (Report #2, line 11) less risk pool adjustment (Report #2, line 10) for the applicable quarter.

Report No. 10B

Claims Lag Report For
Medical Reimbursement Payments

Plan

(QUARTER ENDED _____) (Fiscal Year End _____)

| QUARTER IN WHICH SERVICE PROVIDED | | | | | | | | | | (10) |
|-----------------------------------|-----------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-------|------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | |
| LINE | QUARTER OF PAYMENT | CURRENT | 1ST PRIOR | 2ND PRIOR | 3RD PRIOR | 4TH PRIOR | 5TH PRIOR | 6TH PRIOR | TOTAL | |
| 1 | CURRENT | | | | | | | | | |
| 2 | 1ST PRIOR | | | | | | | | | |
| 3 | 2ND PRIOR | | | | | | | | | |
| 4 | 3RD PRIOR | | | | | | | | | |
| 5 | 4TH PRIOR | | | | | | | | | |
| 6 | 5TH PRIOR | | | | | | | | | |
| 7 | 6TH PRIOR | | | | | | | | | |
| 8 | TOTALS | | | | | | | | | |
| 9 | EXPENSE REPORTED | | | | | | | | | |
| 10 | ACCRUAL ADJUSTMENT | | | | | | | | | |
| 11 | REMAINING LIABILITY * | | | | | | | | | |

See instructions before completing schedule

* See instructions before completing schedule.

This amount must equal the total liability reported for physician reimbursement in Report #9 - Medical Claims Payable.

Row 9, Expense Reported, must equal the total medical reimbursement expense (Report #2, Line 16) less risk pool adjustment (Report #2, Line 15) for the applicable quarter.

Report No. 10C

Claims Lag Report For
Outpatient Payments

Plan

(QUARTER ENDED

(Fiscal Year End

| QUARTER IN WHICH SERVICE PROVIDED | | | | | | | | | | |
|-----------------------------------|-----------------------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-------|--|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | |
| LINE | QUARTER OF PAYMENT | CURRENT | 1ST PRIOR | 2ND PRIOR | 3RD PRIOR | 4TH PRIOR | 5TH PRIOR | 6TH PRIOR | TOTAL | |
| 1 | CURRENT | | | | | | | | | |
| 2 | 1ST PRIOR | | | | | | | | | |
| 3 | 2ND PRIOR | | | | | | | | | |
| 4 | 3RD PRIOR | | | | | | | | | |
| 5 | 4TH PRIOR | | | | | | | | | |
| 6 | 5TH PRIOR | | | | | | | | | |
| 7 | 6TH PRIOR | | | | | | | | | |
| 8 | TOTALS | | | | | | | | | |
| 9 | EXPENSE REPORTED | | | | | | | | | |
| 10 | ACCRUAL ADJUSTMENT | | | | | | | | | |
| 11 | REMAINING LIABILITY * | | | | | | | | | |

See instructions before completing schedule

* See instructions before completing schedule.

This amount must equal the total liability reported for other medical in Report #9 - Medical Claims Payable.

Row 9, Expense Reported, must equal the total outpatient expense (Report #2, Line 27) less risk pool adjustment (Report #2, Line 26) for the applicable quarter.

Report No. 10D

Claims Lag Report For
Other Medical Payments

Plan

(QUARTER ENDED

(Fiscal Year End

| QUARTER IN WHICH SERVICE PROVIDED | | | | | | | | | |
|-----------------------------------|------------------------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| (1) LINE | (2) QUARTER OF PAYMENT | (3) CURRENT | (4) 1ST PRIOR | (5) 2ND PRIOR | (6) 3RD PRIOR | (7) 4TH PRIOR | (8) 5TH PRIOR | (9) 6TH PRIOR | (10) TOTAL |
| 1 | CURRENT | | | | | | | | |
| 2 | 1ST PRIOR | | | | | | | | |
| 3 | 2ND PRIOR | | | | | | | | |
| 4 | 3RD PRIOR | | | | | | | | |
| 5 | 4TH PRIOR | | | | | | | | |
| 6 | 5TH PRIOR | | | | | | | | |
| 7 | 6TH PRIOR | | | | | | | | |
| 8 | TOTALS | | | | | | | | |
| 9 | EXPENSE REPORTED | | | | | | | | |
| 10 | ACCRUAL ADJUSTMENT | | | | | | | | |
| 11 | REMAINING LIABILITY * | | | | | | | | |

See instructions before completing.

* See instructions before completing schedule.

This amount must equal the total liability reported for other medical in Report #9 - Medical Claims Payable.

Row 9, Expense Reported, must equal the total other medical expense (Report #2, Line 34) less risk pool adjustment (Report #2, Line 33) for the applicable quarter.

Plan Fiscal Year End _____

| NAME OF LENDER | RATE | CURRENT* | LONG-TERM** | TOTAL | ACCRUED INTEREST |
|------------------------------|------|----------|-------------|-------|------------------|
| FINANCIAL INSTITUTIONS | | | | | |
| | | | | | |
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| TOTAL FINANCIAL INSTITUTIONS | | | | | |
| OTHER LENDERS | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |
| | | | | | |
| TOTAL OTHER LENDERS | | | | | |
| GRAND TOTALS | | | | | |

08.11.97

STATEMENT AS OF _____ OF _____
 (Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #12 - Physician Services (QUEST only)

| DESCRIPTION | CURRENT PERIOD | YEAR-TO-DATE |
|--|----------------|--------------|
| Primary Care Physician - Salary | | |
| Primary Care Physician - Capitation | | |
| Primary Care Physician - Fee-For-Service | | |
| Primary Care Physician - Other | | |
| | | |
| TOTAL PRIMARY CARE PHYSICIAN SERVICES | * | |
| Referral Physician - Salary | | |
| Referral Physician - Capitation | | |
| Referral Physician - Fee-For-Service | | |
| Referral Physician - Other | | |
| | | |
| TOTAL REFERRAL PHYSICIAN SERVICES | ** | |

* Equals the amount on Report #2, Line 12.

** Equals the amount on Report #2, Line 13.

08/11/97

STATEMENT AS OF _____ OF _____
(Quarter Ending) (Plan Name)

Plan Fiscal Year End _____

Report #13 - Related Party Transactions

[illegible]

4. ANNUAL REPORTING REQUIREMENTS

This section presents the annual reporting requirements for the medical plans in the QUEST Program.

- 4.1 GENERAL INFORMATION
- 4.2 REQUIRED STATEMENTS AND SUPPLEMENTAL SCHEDULES
- 4.3 MANAGEMENT LETTER
- 4.4 DISCLOSURE STATEMENT
- 4.5 RECONCILIATION

4.1 GENERAL INFORMATION

The medical plans in the QUEST Program are required to submit certain financial reports and schedules on an annual basis to the QUEST Program. See section 1.3.3 for the due dates of the annual reports.

4.2 REQUIRED STATEMENTS AND SUPPLEMENTAL SCHEDULES

In addition to the quarterly reports required at year end, the following audited financial statements accompanied by an independent certified public accountant's report must be provided.

- ☐ Balance Sheet
- ☐ Statements of Revenue and Expenses and Changes in Equity/Net Assets
- ☐ Statements of Cash Flow

4.3 MANAGEMENT LETTER

The final management letter provided by the independent certified public accountants shall be provided to DHS along with the required financial statements.

4.4 DISCLOSURE STATEMENT

An annual disclosure statement must be submitted to the QUEST Program. The disclosure statement and instructions are on pages 4-3 through 4-26.

4.5 RECONCILIATION

In addition to the annual audited financial statements, a reconciliation of the Plan's final year-to-date quarterly statements to the annual audited statements must be submitted with the final audited statements. (See example on page 4-27)